

# FIRST UNION RAIL

One O'Hare Centre  
6250 River Road, Suite 5000  
Rosemont, IL 60018

Tel 847.318.7575  
Fax 847.318.7588

RECORDATION NO. 25663 FILED

JUN 24 '05

4-30 PM

SURFACE TRANSPORTATION BOARD



VIA UPS 2<sup>nd</sup> DAY AIR

June 22, 2005

Mr. Vernon E. Williams  
Surface Transportation Board  
1925 K Street, N.W., Room 704  
Washington, DC 20423-0001  
Attn: Recordation of Railroad Equipment

**Re: Memorandum of Lease Agreement**

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement, dated May 25, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation  
One O'Hare Center  
6250 River Road, Suite 5000  
Rosemont, IL 60018

Lessee: PFI Pellet Flame (1997) Inc.  
12080 Willow Cale Forest Rd  
PO Box 2929  
Prince George, BC V2N 4T7  
Canada

A description of the railroad equipment covered by the enclosed document is twenty (20) 5250 cu. ft. covered hopper cars, marked FURX (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5375.  
Thank you for your cooperation in this matter.

Very truly yours,

Theresa Catapano  
Manager of Documentation

Enclosures

(PFIP001)

JUN 24 '05

4:30 PM

ASSGN. NO.: PFIP001

## MEMORANDUM OF LEASE

## SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 16<sup>th</sup> day of March, 2005, by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and PFI Pellet Flame (1997) Inc. ("Lessee"), a British Columbia corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of March 15, 2005, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of April 1, 2005, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Susan A. BarrieName: Susan A. BarrieTitle: Regional Vice-President, SalesBy: Gord HopkinsName: Gord HopkinsTitle: Director SalesExecuted on this 25<sup>th</sup> day of May, 2005.

[CORPORATE SEAL]

PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

I, Gord Hopkins, a Notary Public of the County and State aforesaid, certify that Susan A. Barrie personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 26<sup>th</sup> day of May, 2005.

Gord Hopkins  
Notary Public

My Commission Expires:

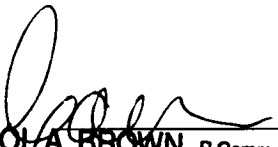
July 21, 2006  
(Notary Public)



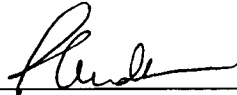
**LESSEE:**

PFI PELLET FLAME (1997) INC.

ATTEST:

By:   
**CAROL A. BROWN**, B.Comm, L.L.B., C.G.A.  
Name: Barrister & Solicitor  
925 Vancouver Street  
TitPrince George, B.C. V2L 2P6  
Phone: (250) 563-8110

[CORPORATE SEAL]

By: 

Name: Paige Anderson

Title: Corporate Secretary

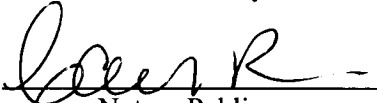
Executed on this 25 day of April, 2005.

PROVINCE OF BRITISH COLUMBIA

COUNTY OF CARIBOU

I, Carol A. Brown, a Notary Public of the County and State aforesaid, certify that Paige Anderson personally appeared before me this day and acknowledged her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 25 day of April, 2005.

  
Notary Public

Commission Expires:

N/A  
(Notary Public)

**CAROL A. BROWN**, B.Comm, L.L.B., C.G.A.  
Barrister & Solicitor  
925 Vancouver Street  
Prince George, B.C. V2L 2P6  
Phone: (250) 563-8110

**EXHIBIT A**  
**to**  
**MEMORANDUM OF LEASE**

NUMBER OF CARS: Twenty (20).

DESCRIPTION OF CARS: 5250 cu. ft., 286,000 lb. gross rail loading, covered hopper rail cars equipped with trough hatches and gravity outlet gates.

CAR NUMBERS:

FURX 850020	FURX 850041	FURX 850043	FURX 850058
FURX 850069	FURX 850081	FURX 850096	FURX 850098
FURX 850105	FURX 850109	FURX 850110	FURX 850122
FURX 850126	FURX 850147	FURX 850189	FURX 850193
FURX 850207	FURX 850211	FURX 850218	FURX 850229